

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF OHIO  
EASTERN DIVISION

DIGITAL MEDIA SOLUTIONS, LLC	)	CASE NO. 1:19-cv-145
	)	
Plaintiff,	)	
	)	JUDGE DAN AARON POLSTER
	)	
v.	)	MAGISTRATE JUDGE
	)	THOMAS M. PARKER
SOUTH UNIVERSITY OF OHIO, LLC,	)	
<i>et al.</i>	)	
	)	
Defendants.	)	

**INTERVENORS MARINA AWED, JAYNE KENNEY AND KENDRICK HARRISON'S  
STATEMENT IN SUPPORT OF THE UNITED STATES' FURTHER STATEMENT OF  
INTEREST CONCERNING ESTATES' COMPLIANCE WITH REGULATION  
REQUIRING CLOSE-OUT AUDIT**

Intervenors Marina Awed, Jayne Kenney and Kendrick Harrison, former students at Argosy schools run by Dream Center Education Holdings (DCEH), join the government's statement seeking compliance with regulations regarding reporting, particularly reporting regarding the diversion of student stipends. Dkt. 400. The government notes that "it is unclear whether the Receiver intends to . . . provide reporting regarding unpaid student stipends . . ." *Id.* at 3. The Receiver has, however, requested significant compensation for investigating those stipends and developing a report about what happened to them. The Department, Intervenors, other Argosy students, and other creditors deserve to find out what the Receiver has found out through his investigation.

## **I. Background and Discussion**

The determination of who diverted Argosy and Art Institute students' stipends and where they went has been a responsibility of the Receiver since early in the Receivership. The Court has "required [the Receiver] to file [a] report before the receivership has terminated." Dkt. 336 at 3. The Receiver has engaged in what he has described as a (now six-months long) "detailed, forensic investigation" (Dkt. 68-2), and he and his counsel have billed thousands of dollars to the Estates for the investigation and the preparation of a Report.<sup>1</sup> However, no report has been provided.

Intervenors acknowledge that the Receivership has not "terminated," so the window for reporting on the stipend investigation remains open. Nevertheless, Intervenors, former students, personally have the same concern that the government appears to be expressing: that the Receiver will run out the clock on his appointment without ever reporting what he found out about the extraordinary diversion of funds from students and the government—while still attempting to collecting the fees he purports to have earned for investigating the diversion. This should not remain an ongoing mystery. Intervenors request that the Court order the Receiver to provide a status report on the status of his investigation and set a date certain for the delivery of his report. Intervenors also join the government's suggestion "that the Court consider . . . the lack of reporting on the stipend investigation when the Court evaluates the fee request [which includes fees for investigating the stipend diversion]," submitted by the Receiver. Dkt. 400 at 3.

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<sup>1</sup> See, e.g., Dkt. 333-3 at 25 (DL block-billed entry for 3.50 hours, \$1,137.50, including "work on investigation into unpaid stipends, staff bonuses paid immediately prior to receivership and student credit balance issues"); *id.* at 58 (DL block-billed entry for 5.50 hours, \$1,787.50, including "work on stipend investigation and documentation issues"); *id.* at 66 (DL block-billed entry for 8.00 hrs, \$2,600, including "work on stipend investigation summary"). There are dozens more entries of this nature in the fee submissions.

Dated: July 29, 2019

Respectfully submitted,

s/Richard S. Gurbst

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**CERTIFICATE OF SERVICE**

It is hereby certified that on the 29th day of July, 2019, the foregoing pleading was electronically filed through the Court's CM/ECF system, which caused the parties or counsel to be served by electronic means. The parties may access this filing through the Court's ECF system.

*s/Richard S. Gurbst*

Richard S. Gurbst